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UNCLAS SECTION 01 OF 02 SANAA 000573

SIPDIS

ABU DHABI PLEASE PASS TO FOREIGN COMMERCIAL OFFICE
RIYADH PLEASE PASS TO FOREIGN COMMERCIAL OFFICE

E.O. 12958: N/A

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SUBJECT: TAIZ: THE FORGOTTEN CITY

1. This is an Action Request for Riyadh Foreign Commercial Office. Please see Para 4.

2. Summary: In a two day trip to the Taiz Governorate March 3-4, CDA explored opportunities to expand the mission's relationship with Yemen's third largest city. Deputy Governor AbdulMalik al-Hiagem sought vocational and technical training for education. Business leaders echoed water complaints, while Civil Society representatives sought to expand USG interaction with their organizations. Local council representatives expressed frustration with increasing poverty and neglect from central authorities and western embassies. Taiz has the potential for tourism and commercial ventures, but business executives and government officials have to work harder to fully explore that potential. Possibilities should be explored for U.S.-Yemeni private sector partnerships. End Summary.

Deputy Governor Hopeful for USG Water Grant

3. Deputy Governor Mohammed AbdulMalik al-Hiagem told CDA the Taiz governorate has a population of over 2 million and over 1,000 schools. Noting that the Governor, who was called to Sanaa at the last minute, was pleased with U.S. cooperation on a water study, Hiagem underscored extreme water problems in Taiz. Economically, Taiz depends on industry, agriculture, and fishing for revenue, although according to Hiagem they are now focusing on ways to expand tourism. Despite the diverse economy, Taiz is still a poor governorate and the Deputy Governor asked for technical assistance to expand vocational education opportunities. Hiagem closed the meeting by noting that the first USAID project in Taiz began during the Kennedy Administration, and hoped that cooperation would resume.

Business Community Dominated
by Hayel Saeed Conglomerate

4. Showki Hayel Saeed, a local council member, member of the Chamber of Commerce, and unofficial spokesman for the Hayel Saeed Group (HSG), said business is going well but opportunities existed for more American investment. CDA raised the possibility of a catalogue show at the Chamber of Commerce to help local businessmen explore potential partnerships with U.S. firms. The Chamber President, who said the Chamber is looking to invest in tourism promotion welcomed the suggestion of a catalogue show and promised to follow up with Post on implementing the idea. Water issues predominate even in business life and officials noted the necessity to secure private sources of water and truck it in to maintain business operations. Saeed also noted plans to make Taiz the cultural capital of Yemen. Post requests assistance from the Riyadh Foreign Commercial Office in arranging a catalogue show. End Action Request.

Civil Society Active, But Seeking More Recognition

5. CDA hosted a reception with 40 civil society representatives from the Taiz area. Azz al-Deed Saed al-Asbahi, General Director of the Human Rights Information Center, requested more visits from emboffs and noted that the Taiz civil society has remained strong since the 1960s when Taiz was the capital of the South. Souad Ata al-Gedsi of the Women's Forum Research and Training Center called Taiz the "forgotten" city, and noted that since 1991 poverty has increased rapidly while the middle class has shrunk. The majority of the 1.2 million Yemeni guest workers deported from Gulf countries during the 1991 Gulf War were from the Taiz area. Since their return, she said, the area has never been the same. Executive Director of the Alaweal Company for Microfinance which is under the auspices of the United Nations Development Program, Anisa al-Bahar, told CDA that her organization has provided over 100,000 loans and boasts a 96.7 percent repayment rate. Loans to women, she said, range between 6,000 and 15,000 Riyals (32-80 USD). Bahar said much more needs to be done, however, especially in expanding the program to reach women in rural areas.

Local Councils

16. CDA visited the Makbana local council, approximately 60 km southwest of Taiz. The rural district has roughly 100,000 people with each of the 23 members representing 3,500 - 5,000 residents. Representatives complained of little control over resources, leaving them unable to manage but a few public services such as maintaining schools and roads. Money for new projects, however, must be obligated by central authorities. One representative noted that the council only received 1.5 million Riyals for yearly projects (roughly 8,000 USD). Several council members expressed the need for additional resources to carry out their newly drafted five-year plan for the area.

Taiz University President

17. During a visit with Taiz University President, Dr. Abdullah Mohammed al-Sofi, CDA and Dr. al-Sofi discussed undertakings and achievements of the university. Dr. al-Sofi told CDA his university has about thirty thousand students, one-third of whom are women. In 2005, the university will graduate its first class of medical students. Shortcomings, however, include the lack of a placement office for graduates. The university has developed relationships with local businesses for some placements, but public and private partnerships could be greater. CDA noted his satisfaction with the university's achievements and noted his desire to increase visits to the institution by embassies to hold academic forums, to discuss current issues of common interest to the US and Yemen and to encourage linkages between the university and universities in the US.

Comment

18. Nestled in the mountains, the former capital is mostly defined by the presence of the Hayel Saeed Corporation and its severe water shortages. Without the large business, Taiz would grow poorer, and the middle class even thinner than it is currently. Taiz has the potential to be a mountain resort and a magnet for tourism. Investment, both domestic and foreign, holds the key. Post will explore catalogue shows and marketing seminars with the local chamber of commerce to help push thinking in this direction. End comment.
Krajeski